

Gaming Market Report

Introduction

This section is intended to provide an overview of the statewide and regional gaming markets. The Commission closely monitors the markets to determine whether additional capacity is merited. The Commission's charge is to issue licenses to applicants which best serve the interests of the citizens of Missouri.¹⁶ In order to fulfill this responsibility, the Commission evaluates each market to determine whether new gaming capacity can be added without unduly impacting previously licensed facilities. The Commission has been hesitant to license a facility that would create an oversaturated market because of the negative impact it would have on local government budgets that are formulated based on expected gaming revenues. In addition, oversaturated markets in high tax states like Missouri have a strong tendency to result in seedy business practices, lax regulatory compliance and cost cutting measures that negatively affect the overall quality of the gaming facilities. Furthermore, it would result in displacement and unemployment among casino workers, thus harming Missouri families. Therefore, the Commission strives to avoid oversaturation. However, should a facility become substandard, fall into disrepair or otherwise become non-competitive, the Commission would be forced to consider new projects of better quality that meet the high standards it sets for licensees.

¹⁶ Section 313.805(1), RSMo.



Statewide Market

Statewide, gaming revenue reached \$977 million in fiscal year 2000, a 9% increase over the prior year. The results reflect a 5% increase in patrons combined with a 4% increase in Win Per Patron (WPP). In general, patron volume benefited from open boarding, while WPP was favorably impacted by higher slot play per patron. With no new casino openings scheduled for fiscal year 2001, growth will likely moderate as the Missouri markets mature. In terms of gaming revenue, Missouri is still ranked eighth out of the twelve states that offer casino style gaming.¹⁷ In terms of growth, Missouri is ranked seventh, down from third last year. The following table offers a statewide statistical comparison of fiscal years 1999 and 2000.

¹⁷ Based on calendar year 1999 results. Indian gaming facilities do not publicly report financial data, therefore this statement does not include those facilities or states that have Indian gaming exclusively.

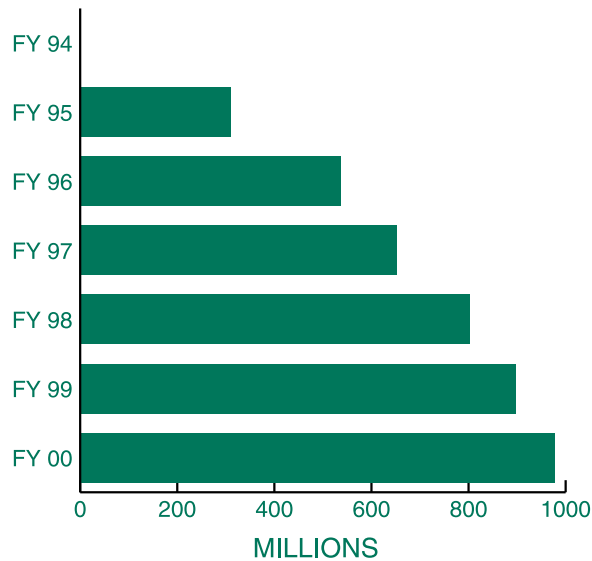
	<u>FY 2000</u>	<u>FY 1999</u>	<u>% Change</u>
Gaming Revenue	\$ 977,261,068	\$ 898,003,288	8.8%
Patrons	24,930,401	23,842,966	4.6%
Win Per Patron	\$ 39.20	\$ 37.66	4.1%

Kansas City Market

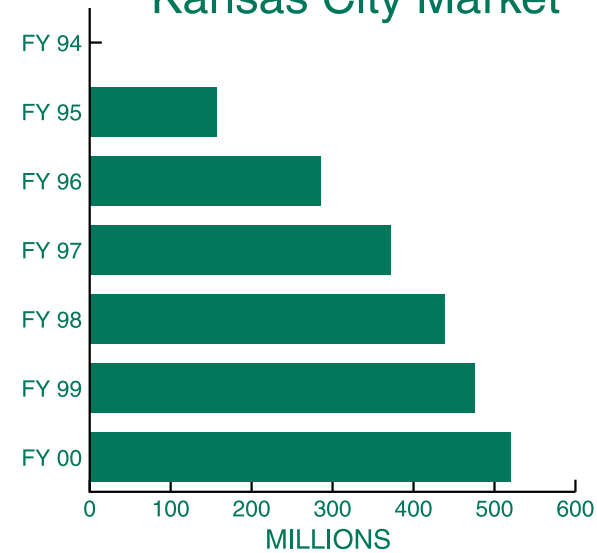
The Kansas City market posted gaming revenue of \$521 million for the fiscal year, a 9% increase over the prior year. The results reflect a 2% increase in patrons combined with a 7% increase in WPP. The increase in WPP primarily reflects higher slot play per patron and a higher slot hold percentage. Patron growth will likely remain relatively flat in the coming year which means casinos will need to generate growth from their existing customer base. Harrah's and Station are in a virtual dead heat for the top spot in the market. In terms of gaming revenue, the Kansas City market still ranks thirteenth out of thirty-three markets in the United States.

	<u>FY 2000</u>	<u>FY 1999</u>	<u>% Change</u>
Gaming Revenue	\$ 520,875,006	\$ 475,964,027	9.4%
Patrons	12,579,746	12,289,192	2.4%
Win Per Patron	\$ 41.41	\$ 38.73	6.9%

Statewide Gaming Revenue



Gaming Revenue Kansas City Market



St. Louis Market

The Missouri boats in the St. Louis market posted slower growth with gaming revenue of \$411 million, an 8% increase over the prior year. The growth in the prior year was 17%. The slower growth primarily reflects the maturing of the Harrah's Maryland Heights casino and will likely continue in the coming fiscal year. Harrah's Maryland Heights acquired Players in March 2000, and is now by far the largest casino in the state.

The Illinois boats in the St. Louis market posted gaming revenue of \$258 million, an exceptional 34% increase over the prior year, on a similar increase in patrons. The gain reflects Illinois' move to dockside gaming and open boarding. Illinois captured 39% of the gaming revenue market share in the St. Louis market with only 24% of the population base, due primarily to the absence of a loss limit. This equates to an inequity of \$97 million in relation to gaming revenue and approximately \$30 million in state and local taxes per year.¹⁸ In terms of gaming revenue, the St. Louis market is ranked tenth out of thirty-three markets in the United States.

²⁸ Based on Missouri fiscal year 1999 data from the Illinois Gaming Control Board and the Missouri Gaming Commission.



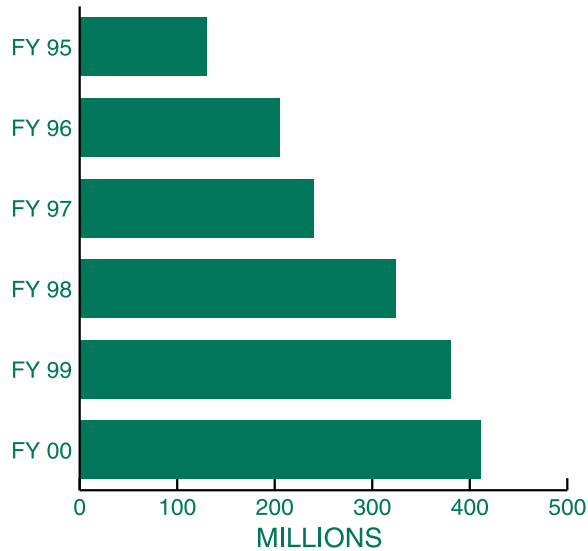
	FY 2000	FY 1999	% Change
<u>Missouri Boats</u>			
Gaming Revenue	\$ 410,938,394	\$ 380,406,872	8.0%
Patrons	11,394,590	10,657,171	6.9%
Win Per Patron	\$ 36.06	\$ 35.69	1.0%
<u>Illinois Boats</u>			
Gaming Revenue	\$ 257,719,000	\$ 192,999,000	33.5%
Patrons	3,866,000	2,906,000	33.0%
Win Per Patron	\$ 66.66	\$ 66.41	0.4%

Other Markets

The more isolated markets in Caruthersville and St. Joseph posted accelerated growth with gaming revenue of \$45.4 million for the fiscal year, a 9% increase over the prior year. The growth rate in the prior year was only 4%. The markets benefited substantially from open boarding resulting in higher patron volume. The Caruthersville facility displayed the most improved results with gaming revenue growth of 11% compared to a decline of 3% in the prior fiscal year.

	<u>FY 2000</u>	<u>FY 1999</u>	<u>% Change</u>
Gaming Revenue	\$ 45,447,666	\$ 41,632,388	9.2%
Patrons	956,065	896,603	6.6%
Win Per Patron	\$ 47.54	\$ 46.43	2.4%

Gaming Revenue
St. Louis, Missouri



Gaming Revenue
Caruthersville & St. Joseph

